



Submission to IPART WaterNSW Draft
Determination May 2026:

By:

Gwydir Valley Irrigators Association Inc



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1 Summary and Purpose

The Gwydir Valley Irrigators Association (GVIA) is the representative body for water entitlement holders in the Gwydir Valley and welcome the opportunity to provide our feedback to IPART on their Maximum prices for Water NSW's Rural Bulk Water Services from 1 July 2026 Draft determination from the perspective of our members.

GVIA places great importance in IPART's role to employ impartial rigour, economic rationale, and consideration of customers in responding to WaterNSW's Pricing Proposal and setting monopoly prices for the coming determination period.

This document aims to represent the concerns, views and experiences of our members and the community. Each member reserves the right to express their own opinion and is entitled to make their own submission.

The GVIA and our members, are members of the NSW Irrigators Council and we generally support the submissions made by this organisation.

2 Draft Determination from IPART addressed in this submission

1. To set 3-year determination periods for WaterNSW regional and rural bulk water until 30th June 2029.
2. To set fixed maximum prices for the Monopoly Services provided by Water NSW Regulated River Bulk Water Services.

3 Overall Recommendations

Given the issues identified in this submission, the GVIA make three primary recommendations.

1. **GVIA supports a 5% annual price cap (plus inflation), consistent with IPART's WAMC pricing decision and to balance affordability pressures facing irrigators already under significant net margin strain.**
 - a. **We do NOT support the proposed 10% increase.**
2. **A fundamental review of WaterNSW's operating model, regulatory framework and funding arrangements should be undertaken during the draft 3-year price determination period.**
3. **No further WaterNSW pricing proposal(s) or IPART determination(s) be undertaken until the review is completed.**

4 Draft Determination: Gwydir Valley Impacts

IPART is proposing prices increase up to 10% per year (before inflation) for the next three years (2026–2029), while maintaining Valley-based pricing across the rural Valleys.

Our region is characterised as having low water reliability with most water held as General Security water with a reliability of only 36%, meaning irrigators could expect just over a third of their entitlement can be accessed in the long run. Supplementary water entitlement is somewhat more reliable with 55% but accounts for less than a quarter of the total volume.

A 10% proposed price increase would result in the below forecast 'typical bill' increases to the Gwydir Valley.¹

- General Security (GS) Entitlements: 33.1% increase over the 3-year period (*annualised 10%*)
- High Security (HS) Entitlements: 24.4% increase over the 3-year period (*annualised 7.6%*)

The ratio of GS to HS entitlements held in the Gwydir Valley is 18.7ML General Security entitlements for every 1ML High Security entitlement². The impact of the draft decision is significant in the Gwydir Valley noting the proportionally large ratio of General Security to High Security entitlements.

4.1 Price breakdown (bulk entitlement & usage prices) and Full Cost Recovery

Gwydir Valley *bulk water entitlement prices* for the determination period:

- General security entitlements: \$1.69/ML increase (33.1% increase, 10% annualised).
- High security entitlements: \$3.48/ML decrease (15.8% increase, 5% annualised).

¹ IPART, 'DRAFT Report Prices for WaterNSW regional and rural bulk water from 1 July 2026' Table 1.1, pp.10–11 'Bills by Valley including MDBA and BRC costs (\$2025-26)', March 2026.

² Ibid, pg 127.

Gwydir Valley *bulk water usage prices* for the determination period will see an increase \$7.18/ML (33.1% increase, 10% annualised).

4.2 Preferred 5% annual price increase cap

GVIA supports a 5% annual price cap (plus inflation), not the proposed 10%, consistent with IPART's WAMC pricing decision³ and to balance affordability pressures facing irrigators already under net margin strain.

WaterNSW's increasing Regulated Asset Base (RAB), driven by high growth rates of capital expenditure, threatens to further increase prices to meet a growing FCR burden

The increasing capital expenditure is adding to WaterNSW's Regulated Asset Base (RAB). The RAB has grown by more than 33% since 2021-22 and is forecast to grow another 16% in real terms over the next three years.⁴ This expanding RAB is a significant driver of the revenue requirement customers are being asked to fund via price increases.

GVIA predict this trend will continue to adversely affect the Gwydir Valley with potential further and more substantial price increases, intended to meet an increasing Full Cost Recovery (FCR) expectation. An expectation GVIA members find difficult to accept.

In addition, IPART notes the costs of providing bulk water services *'have increased to a level that is increasingly difficult for customers to afford'*⁵.

Further WaterNSW price increases need to consider the existing cost burden already threatening irrigated agricultures net profit margins

A 5% price increase over three years would see the following increases to the typical bill for the Gwydir Valley:

- General Security (GS) Entitlements: 15.8% increase over the 3-year period (5% annualised)
- High Security (HS) Entitlements: 8.2% increase over the 3-year period (2.7% annualised)

While Gwydir Valley bulk water entitlement prices under a 5% cap for the 3 year determination period would increase as follows:

- GS entitlements: \$0.8ML increase (15.7% increase).
- HS entitlements: \$0.17/ML decrease (0.8% increase).

Gwydir Valley *bulk water usage prices* under a 5% cap for the determination period will see an increase \$3.42/ML (15.8% increase).

³ IPART capped WAMC price increases at 5% in the 2024–25 review. Applying a different, higher cap to WaterNSW charges for the same customers is inconsistent and compounds the cumulative burden on agribusiness.

⁴ Ibid, Table H.3, pg 253.

⁵ Ibid pg. 15.

4.3 Affordability

There are further additional affordability considerations to be made when assessing the appropriateness of any price increase.

GVIA shares the view and conclusion of the independent price impact analysis on irrigated agriculture that '*pricing approaches that least distort future consumption and investment decisions, rather than mechanistically requiring that the cost of sunk investments be recovered from current customers beyond their capacity to pay*'⁶ are the appropriate approaches.

Despite the modelling not considering IPART's draft 10% cap decision, or the alternative 5% cap option, the direction of Ricardo's evidence and findings is clear. The lower the rate of price increase, the lower the likelihood price increase will exceed customers' capacity to pay. This also reduces the likelihood of triggering structural reform in irrigated agricultural business, net margin deterioration, decreasing water entitlement values, reduced sector participation, and increasing costs concentration. All of which threaten a 'death spiral' where declining demand or number of customers progressively undermines WaterNSW's financial sustainability.⁷

A 5% cap finds the balance between financial sustainability and customer affordability

GVIA submits the 5% annual cap approach is most consistent with Ricardo's conclusion. The 5% cap maintains the trajectory toward the objective of cost recovery while managing increases at a rate irrigators can plan for and adapt to in a structured manner, without threatening the viability of irrigated agriculture.

Our position is not to avoid cost recovery indefinitely, but to manage the pace of transition while farm businesses absorb existing cost pressures.

Request

- 1. GVIA supports a 5% annual price cap (plus inflation), not the proposed 10%, consistent with IPART's WAMC pricing decision and to balance affordability pressures facing irrigators already under significant net margin strain.**

5 Fundamental Review of WaterNSW

The GVIA are and have previously supported⁸ a fundamental review of WaterNSW's operating model, regulatory framework and funding arrangements. We believe this should be undertaken during the draft three year price determination period, and no further WaterNSW pricing proposal(s) or IPART determination(s) be undertaken until the review is full completed.

We feel that it is appropriate to initiate this fundamental review of WaterNSW and that rural customers should be actively involved in this review to ensure there are improvements in efficiencies, cost management and that the core objective of delivery of service is not

⁶ Ricardo 2026, IPART: 2025-26 review of WaterNSW's prices, report prepared for IPART, pg 5.

⁷ Ricardo 2026, IPART: 2025-26 review of WaterNSW's prices, report prepared for IPART, pg 53.

⁸ GVIA Submission to IPART WaterNSW Draft Determination May 2025

compromised. This review process should include investigation of the drivers of costs including regulatory requirements, land taxes and dividends to treasury.

GVIA and IPART are aligned in the view a fundamental review is necessary

GVIA submit the degree and cost of water planning, regulation and operation by WaterNSW requires review to ensure these fundamentals are brought back within reason.

IPART's Draft Recommendation 1 'NSW Government review the longer-term sustainability of the regional and rural water sector, including whether WaterNSW's operating model, regulatory framework and funding arrangements remain fit for purpose' validates GVIA 's position.⁹

GVIA strongly supports this recommendation. GVIA further submit that IPART detail the fundamental review be completed within the first 18 months of the draft determination period, to allow the next WaterNSW proposal and subsequent IPART determination be based on a comprehensive and up to date understanding of the fundamentals of WaterNSW's operating model, regulatory framework and funding arrangements.

Justification for a comprehensive review

The evidence base of the Draft Report demonstrates why a review is necessary, WaterNSW's operating expenditure (Opex) and capital expenditure (Capex) are unsustainable, exceeding allowances and/or increasing at an unjustifiable rate.

Opex: WaterNSW's Opex exceeded the 2021 allowance by 13.3%.¹⁰ Earnest and Young found operating costs grew at 9% per year while wages grew at 3–4%, with corporate functions comprising 35% of Opex and growing without a clear and corresponding increase in requirements.¹¹

Capex: WaterNSW's Capex is increasing dramatically and has historically been beyond the forecast amounts for previous determination periods. The draft \$322.4 million Capex decision is 67.5% higher in real terms than the forecast made in the 2021 determination and 94.7% higher than WaterNSW's actual Capex in the 2021 determination period. Further, WaterNSW proposed Capex is 17.8% higher than the draft decision.¹²

IPART acknowledges 'price-based measures alone cannot address the underlying challenges facing the regional and rural water sector over the longer term' and WaterNSW's regulatory activities 'have expanded since its establishment in 2014'.¹³ This expansion cannot be borne by irrigators already facing net-margin pressures.

The review should be prioritised to allow further price determinations to be set in the medium to long term with confidence in the data and information

⁹ IPART, 'DRAFT Report Prices for WaterNSW regional and rural bulk water from 1 July 2026', March 2026, pg. 47.

¹⁰ Ibid, pg 50.

¹¹ Ibid, pg 51.

¹² Ibid, pg 55.

¹³ Ibid pg 46.

WaterNSW customers should not be asked to fund a three-year pricing cycle built on a framework identified as potentially unfit for purpose. GVIA does not seek to delay necessary investment but seeks an orderly process where the fundamental questions about cost, governance and service delivery are answered before prices are set for the medium to long term is critical for justifiable outcomes.

GVIA is committed to participating constructively in any review and urges IPART to strengthen Draft Recommendation 1 by specifying a timeline and requiring the review to be completed before the next multi-year pricing proposal and determination is made.

We note that the proposed price increases were very significant and not associated with efficiencies of service delivery. This is of concern, as there is a need to see improved efficiencies in bulk water delivery.

In addition, we are also concerned that there was minimal commitment to address program implementation and organisational issues. Once again we see a need for improvement in this area.

Despite these concerns, we are willing to support of the proposal for a three year determination period. We agree with the comments by IPART where they indicate that they do not believe a shorter determination would allow sufficient time for IPART to complete the assessment of WaterNSW's efficient cost and review price structures or cost shares. Our support is conditional to no further WaterNSW pricing proposal(s) or IPART determination(s) be undertaken until the review is completed.

In addition, we feel that there needs to be improved clarity and transparency between the cost sharing of WaterNSW and WAMC and believe we need to have seen the IPART WAMC determination to make any additional comments.

Request

- 2. A fundamental review of WaterNSW's operating model, regulatory framework and funding arrangements should be undertaken during the draft 3-year price determination period.**
- 3. No further Water NSW pricing proposal(s) or IPART determination(s) be undertaken until the review is completed.**

6 About the GVIA

6.1 Our region

The Gwydir Valley Irrigators Association (GVIA) represents more than 450 water entitlement holders in the Gwydir Valley, centred around the town of Moree in North-West New South Wales. Our mission is to build a secure future for members, the environment and the Gwydir Valley community through irrigated agriculture.

The Gwydir is characterised as having low water reliability with most water held as general security water with a reliability of 36% (that means entitlement holders could expect in the long-term just over a third of their entitlement can be accessed). Supplementary water entitlement is somewhat more reliable with 55% but accounts for less than a quarter of the total volume. Groundwater reliability is considered 100% but there is less than 30,000ML available. Floodplain harvesting licences were issued in 2022, significantly reducing access

for the region, and contribute almost a quarter of the water use in the region over the long term. However, access is episodic, in line with moderate to major floods.

The Gwydir has had more environmental water recovered than required by the Murray Darling Basin Authority modelling and legislation. There is an additional 5,000 megalitres of water owned by Government's above the legislated amount for our region¹⁴. As a result of water reform, only approximately 19% of the total river flows are available for diversion for productive use¹⁵. This equates irrigators holding 575,000ML from regulated entitlement (high security, general security and supplementary water) and 28,000ML available from groundwater aquifers.

Entitlements owned for environmental purposes total more than 186,000ML, which includes an Environmental Contingency Allowance of 45,000ML. The NSW and Commonwealth environmental water managers are now responsible for 28.5% of high security entitlement, 29% of general security entitlement and 13% of supplementary entitlement for environmental use. Environmental water is primarily used to contribute waterbird and fish breeding events, to maintain the condition and extent of the Gwydir Wetlands. This significant environmental portfolio altered behavioural assumptions and influenced how the system operates.

6.2 What we do

The GVIA's mission is to build a secure future for our members, the environment and the broader Gwydir Valley community through irrigated agriculture, we do this together by making every drop count in the river or the aquifer, on-farm, for the environment, or for our community¹⁶.

GVIA members hold entitlements within the Gwydir regulated and unregulated surface water areas, in addition to groundwater resources. All of which are managed through water sharing plans, which have been progressively developed since early 2000.

The GVIA organisation is voluntary, funded by a nominal levy, cents/megalitre on regulated, unregulated and groundwater water entitlement. The levy is paid and supported on average by 85% of the eligible entitlement (excludes NSW and Commonwealth entitlement).

The Association's primary activities revolve around negotiating with government at a Federal, State and Local level to ensure equality and the rights of entitlement holders are maintained and respected. The core activities of the Association are funded entirely through the voluntary levy, the Association does however undertake programs and projects to maintain and improve the sustainability of members on-farm activities, which can be funded by government or research corporations.

¹⁴ The Gwydir Valley has met the legislative requirements of the Murray Darling Basin Plan of 42,000 megalitres of LTDLE entitlement for local/instream environmental outcomes and a further 7,600 megalitres for shared contribution to the northern basin. The NSW and Australian Government's hold 54,600 megalitres LTDLE entitlements^{Error! Bookmark not defined.}. Based on IQQM long-term modelling and the volume of water purchased for the environment

¹⁵ Based on IQQM long-term modelling and the volume of water purchased for the environment

¹⁶ For more information, see our corporate video on <https://vimeo.com/177148006>

The Association is managed by a committee of a minimum 11 entitlement holders and employs a full-time executive officer and a part-time administrative assistant, as well as hosting a Project Officer funded through the Cotton Research and Development Corporation, the Gwydir Valley Cotton Growers Association and the GVIA.

6.3 *Contacts*

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